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SOCIALISM

AN INTRODUCTORY THEORETICAL ANALYSIS

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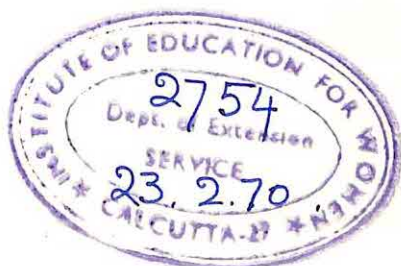
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SOCIALISM

—An Introductory Theoretical Analysis—

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I

HISTORICAL INTRODUCTION

1. Pre-Marxian and Non-Marxist Socialism of the Eighteenth and Nineteenth Centuries

In the eighteenth and nineteenth centuries individualism had brought in its train adult franchise, the rule of law, and capitalism. All these were essential concomitants of the concept of individual freedom. Political and legal freedom for every individual were to be safeguarded by political and legal equity as embodied in adult franchise and the rule of law, while the institution of free enterprise was regarded as a guarantee of equal economic opportunity for all. In the philosophy of individualism freedom and equity were thus inseparable.

But these guarantees were soon found to be inadequate for ensuring equity and hence, for safeguarding the freedom of every individual. The main reason was the radical change in the scale of production brought about by the technological transformation associated with the Industrial Revolution. Technology-oriented capitalist agriculture and industry required the investment of large amounts of capital in relatively large units of production and this situation almost automatically led to the ownership of the means of production being concentrated in only a few hands, and the overwhelming majority of people being converted into exploited wage-earners. Instead of ensuring economic equity, free enterprise thus led to economic inequity. Moreover, it was soon realized that economic inequity bred, in practice, political and even legal inequity. Thus, individualism was faced with a dilemma posed by the development of an apparent contradiction between freedom and equity which had not originally been anticipated.

Early socialism sought to resolve this dilemma. Pre-Marxian and non-Marxist socialists of the eighteenth and nineteenth centuries all realized, in different degrees, that capitalism created inequity and exploitation and, therefore, thwarted the freedom of the

majority of people. All of them sought to replace capitalism by some form of workers' ownership or control of industry. Saint-Simon, while glorifying industrialization, sought to subordinate private enterprise to councils of experts who would maintain the harmony of the economy as a whole and thus eradicate many of the maladies of the capitalist system. Charles Fourier was in favour of spontaneous cooperative associations as a substitute for capitalism, and was against State control. Robert Owen sought to reform capitalism through State-supported trade unionism, cooperative movement and education. Louis Blanc advocated productive associations of workers with capital furnished by the State, which however, must not be the proprietor, or even the administrator of these associations, but should be responsible for enacting the laws regulating them. Proudhon advocated the concentration of the ownership of all capital in a central cooperative bank which would liberally extend credit to workers' productive associations exchanging products on the basis of labour-value. So powerful indeed was Proudhon's influence that for several years it was uncertain whether the First International would be Proudhonist or Marxist. Lassalle wanted to replace capitalism by State-aided workers' productive associations ; he was, incidentally, a Hegelian who believed that the State was the supreme reality, and wanted the workers to cooperate with the State.

Thus of the pre-Marxian and non-Marxist socialists mentioned here all, with the possible exception of Saint-Simon, sought to establish economic equity through workers' productive associations as a substitute for capitalism. Similarly all, with the possible exception of Louis Blanc, wanted the State to interfere directly or indirectly in the economic system with a view to ensuring economic equity.

It must be emphasized, in order to clear the common confusion created by the text-book contradiction between individualism and socialism, that the type of socialism discussed above was not opposed to individualism ; rather it was an extension of individualism. There was no question, except, perhaps, in the case of Lassalle, of the State being higher than the individual. These socialists wanted the State to interfere in the economic system not because the interests of the State were higher than those of the individual, but the other way

round. In order to ensure the full freedom and development of every individual, the State was to guarantee certain basic economic conditions designed to safeguard economic equity along with political and legal equity. The pre-Marxian and non-Marxist socialists of the eighteenth and nineteenth centuries merely sought to restore the old identity in the philosophy of individualism between freedom and equity by reforming or eliminating capitalism.

It should also be understood that this type of socialism had certain special characteristics, which were to distinguish it from Marxian socialism. In the first place, it was not backed by any philosophy of history and was purely pragmatic and experimental in character. Secondly, it had no international programme, although the international outlook was not always lacking. Thirdly, it had religious and moral overtones. Fourthly, it had no sociology and no theory of class struggle. As a consequence, fifthly, it believed in a peaceful transition from capitalism to socialism, and sixthly, it sought thus to eliminate class conflict by abolishing the system of exploitation, rather than the elimination of one class by another.

2. Marxian Socialism

With Marx socialism entered an altogether new phase. First, dialectical materialism sought to give a new meaning and inevitability to history and enabled Marxists to regard their ideology as historically inevitable. Socialism thus became "scientific". Secondly, with Marx socialism became for the first time positively international, with an international revolutionary programme. Thirdly, Marxist socialism shunned all religious overtones and regarded religion as positively harmful to society. Fourthly, with the help of the labour theory of value, Marx developed a broad political sociology, the central points in which were the class struggle and the denunciation of the State as an organ of exploitation. Fifthly, violence as a socio-political means was freely sanctioned, although it is not certain to what extent Marx regarded violence as inevitable. Sixthly, Marxism sought the solution of the problem of exploitation in the elimination, including physical annihilation, of one class by another. Seventhly, for the first time Marx developed a purely negative or destructive socialism which contained a clear programme for bringing about the downfall of capitalism, but none whatsoever for the future recons-

truction of society. Eighthly, on account of Marx's occasional references to the "dictatorship of the proletariat" which was to succeed the proletarian revolution, Marxist Socialism, or at least one brand of it, took a turn for the theory of transitional dictatorship, and thus ran away with the original identity between individual freedom and equity which pre-Marxian and non-Marxist socialism had regarded as axiomatic.

It has been said that there was very little that was new in Marxism ; that dialectical materialism was just a combination of Hegelian dialectics and the materialism of Feuerbach ; that the labour theory of value, along with the concept of surplus value, was borrowed from Turgot and Ricardo ; that the theory of capitalist concentration was borrowed from Charles Fourier and Louis Blanc, among others ; that the theory of the eternal immiseration of the working class had already been developed by Robert Owen, Charles Fourier, Sismondi and Rodbertus ; and that the theory of class struggle which had existed in an inchoate form even in Plato and Aristotle, had already been modernized among others, by Louis Blanc, von Stein and Guizot. Nevertheless, there is no denying the fact that Marx's analysis of history and of capitalism was far more comprehensive than anything attempted before.

But in one sense, Marxian socialism was hardly socialism at all in the traditionally understood sense of the term. As already explained, traditional socialism was wholly concerned with a constructive and experimental programme of socio-economic transformation. Marx paid practically no attention to the programmatic aspect of socialism. He developed a broad humanist sociology and prescribed a revolutionary method of upsetting the existing order of society. Beyond that he was practically silent ; he contented himself with referring broadly to the dictatorship of the proletariat, which would eliminate the capitalist class and lead to the eventual disappearance of the State. Of course, it must be pointed out here, in fairness to Marx, that it is nearly certain, though not altogether beyond dispute, that his conception of the dictatorship of the proletariat was not a dictatorship in the usual sense of the term, but was more democratic than the forms of government prevalent in Europe at the time.

In this partial, negative and direct character of Marxism lies both its strength and weakness. Its unambiguous prognosis of capitalism

and its direct revolutionary appeal opened up new vistas of hope before the socialist movement and transformed it from an experimental programme of isolated social reformers into a revolutionary international mass movement. But as Marx left no blueprint for the future, the socialist movement can expect very little guidance from Marxism regarding the actual construction of a socialist state. It is possible for almost anyone seizing power through unconstitutional means in the name of the working class to claim to be Marxist. This is the chief weakness of Marxism.

3. Revolution Miscarried

Towards the end of the nineteenth century and at the beginning of the twentieth, the socialist movement in the different countries of Europe was saturated with Marxist ideas. The Russian Revolution and the government which was set up after the Revolution in the name of Marxism and the proletariat, therefore, raised high hopes in the minds of socialists everywhere. But within a few years it became quite obvious that the Revolution had been miscarried. Marxists had rightly expected a government to emerge in Russia that would be more liberal and democratic than any other in Europe. As John Plamenatz, a noted authority on Marxism has observed : Marx conceived of proletarian government as being, from the very beginning, more truly democratic and liberal than anything known to bourgeois Europe”¹. But what was in fact established in Russia was a ruthless dictatorship of a very small Communist Party in the name of the proletariat, which forcibly suppressed all political opposition and depended for its support on the army. Bertrand Russell has vividly described this deviation from Marxism in the following words : “Marxists, like other progressives, advocated democracy, free speech, free press, and the rest of the Liberal political apparatus. The Soviet government, when it seized power, reverted to the teaching of the Catholic Church in its great days : that it is the business of authority to propagate Truth, both by positive teaching and by the suppression of all rival doctrines. This involved, of course, the establishment of an *undemocratic dictatorship*, depending for its stability upon the

1. John Plamenatz : German Marxism and Russian Communism, London, 1954, p. 159.

Red Army.”² Lenin and Stalin repeatedly declared that the Communist Party contained the vanguard of the working class and, therefore, exercised the dictatorship on behalf of the proletariat. The party alone represented, as it were, the General Will of the working class which was superior to the sum total of their individual wills. An undemocratic theory of political trusteeship was thus developed in Russia which was repugnant to all socialist political principles. Moreover, the Soviet dictatorship, according to Stalin, was “unrestrained by law and based on force.”³ The inalienable socialist principle of individual freedom and political equity was thus sacrificed in the Soviet Union at the altar of an anti-Marxist one-party dictatorship.

The second fundamental principle of socialism, namely, that of economic equity, was also soon surrendered in Russia. Peasant resistance to forcible collectivization, coupled with the resultant famine, caused millions of deaths and untold human suffering. Besides, collectivization of agriculture and exploitation of the peasantry for the sake of industrialization created a wide socio-economic gulf between the peasantry and the industrial working class. The attempt to raise agricultural and industrial productivity in the absence of free initiative, and the maintenance of a top-heavy one-party administration necessitated abnormal labour incentives and extraordinary payments and rewards which ran away with the original idea of equality and created artificial divisions in society. The dictatorship of the Communist Party necessitated the liquidation of a significant proportion of the population and the employment of another big part of it as forced labour, helping to build up sections of the economy without any capital and at very little cost. To ensure the stability of the dictatorship, the working class had also to be subjected to oppressive rules and regulations which deprived them of whatever the term “economic freedom” may connote.

Wide disparities of income have been caused in the Soviet Union not only by wage differences but also by the whole pattern of Soviet fiscal policy, which is characterized by the regressive income tax, regressive turnover tax, and the absence of the inheritance tax.

2. Bertrand Russell : *Power*, London 1960, p. 80. Italics introduced.

3. Stalin : *Problems of Leninism*, Moscow 1947, p. 43.

Apart from Soviet official statistics, we have such renowned communists as Milovan Djilas to prove the existence of wide disparities of income in the Soviet Union and other communist countries and the growth of the New Class.

Thus both political freedom and economic equity, the two essential and inalienable principles of socialism, have been lost in the Soviet Union and other communist states. As this realization slowly dawned on the socialist parties of Europe, there developed a growing alienation between them and the Soviet Union. And gradually, while the communist parties which had grown up in different countries of Europe after the Russian Revolution continued to support the Soviet Government as sections of the Comintern, the socialist parties started on an independent career of their own. The story of modern socialism is largely the story of these and other anti-communist socialist parties throughout the world.

II

MODERN SOCIALISM

1. Debt to Marx

Whether dialectical materialism is historically and logically valid is a somewhat immaterial question from the point of view of the socialist movement, for as Bertrand Russell and others have shown, ⁴ Marx's sociological, economic and political views could be accepted or rejected without any reference to dialectical materialism. It is from Marx the political thinker and revolutionary rather than Marx the philosopher that modern socialism derives a great deal of its inspiration. Modern social sciences have categorically rejected the deterministic approach to historical and social phenomena and deny the possibility of explaining such phenomena with any single irrevocable law or with any single unique factor; the mysteries of history and society cannot be unlocked with any single master key. Consistently with this new development in the social sciences, modern socialists take a plural view of history and society and do not consider it necessary to have a deterministic philosophy of history

4. Bertrand Russell : History of Western Philosophy, London, 1948, p.p. 816-17.

to buttress their socialism. Dialectical materialism, therefore, does not constitute the philosophical basis of modern socialism.

The greatest debt of modern socialism to Marxism lies in the field of political sociology. Socialists all over the world broadly accept the Marxist view that there is 'exploitation' in a capitalist society in the sense that labour produces a surplus which is appropriated by the capitalists who partly spend this surplus on conspicuous consumption and partly reinvest it for private gain rather than for public good ; that the private profit motive which governs capitalism is a serious barrier to balanced economic progress and the equitable distribution of the national income ; that there is in capitalism a positive tendency towards the progressive concentration of capital ; that in capitalism there is also a tendency towards a deterioration of the relative economic position of the working class (John Strachey has shown that during the hundred years from 1850 to 1950 the British working class was just able to retain its share of the national income, but was not able to improve its relative economic position, in spite of the tremendous growth of the trade union movement and the progressive governmental legislation of a hundred years ⁵) ; that there is a broad class-contradiction between the capitalist owners of industry and agriculture on the one-hand, and the industrial and agricultural proletariat on the other ; and that the economic factor is a very important determinant of the broad pattern of social relations and of social progress.

But that is almost the limit of the indebtedness of modern socialism to Marxism ; for while accepting the Marxian prognosis of capitalism, contemporary socialism broadly rejects the Marxian remedy. In at least four important respects modern socialism has transcended Marxism, so far as the cure for the capitalist malady is concerned.

In the first place, contemporary socialism does not accept the Marxist view of armed revolutions. To what extent Marx considered violence necessary or inevitable for the socialist revolution is, of course, as already stated, a matter of some ambiguity. ⁶ The consensus of opinion seems to be (i) that before writing the *Communist Manifesto* in 1848, Marx was mainly talking of the

5. John Strachey : *Contemporary Capitalism*, London, 1956, Ch. VIII.

6. For a discussion of the problem see Karl Popper : *The Open Society and its Enemies*, London, 1957, Vol. II, Ch. 19.

“social revolution” which involved a perpetual preparedness for violence, but not an inevitability of it ; in other words, violence was sanctioned without any reservations, the prospects of avoiding it were not considered bright, but it was not regarded as altogether unavoidable ⁷ ; (2) that even during this period Engels was more in favour of armed revolutions than Marx ⁸ ; and (3) from 1848 onwards Marx was talking of a ‘proletarian revolution’ instead of a ‘social revolution’, especially in the second stage, that is, after the ‘bourgeois democratic revolution’ had already been completed, and that during this period he regarded violence as inevitable ⁹. The last point is specially important, because it is from the *Communist Manifesto* and the subsequent writings of Marx rather than from his earlier writings that Marxism as a political movement derives its inspiration.

Now, contemporary socialism rejects this Marxian emphasis on violence. Whether the view held by many that an armed revolution would inevitably lead to a minority dictatorship is valid or not, is considered to be a somewhat irrelevant question by socialists today, for they consider violence as largely unnecessary. The socialist parties believe that owing to the system of adult franchise and the growth of the political awareness and power of the working class, it is possible for capitalism, in the majority of cases, to be transformed into socialism through the peaceful struggle of the working class. This view is also now apparently shared by Soviet theoreticians including Prime Minister Khrushchev. Socialists consider armed revolution necessary only in such states as are controlled by despotic governments which block all roads of peaceful struggle by the masses, like the Soviet Union, Communist China or Franco’s Spain.

Secondly, socialists today abhor the very idea of dictatorship, in whatever way it may be described. As already stated, Marx’s conception of the dictatorship of the proletariat was in all probability quite different from what is normally understood by a dictatorship. Nevertheless, modern socialists would refuse to accept a dictatorship in any form, whether it is a dictatorship of the minority or of the

7. George Lichtheim : *Marxism, An Historical and Critical Study*, London, 1961, p.p. 51-56 ; Karl Popper : op. cit., pp. 149-150.

8. George Lichtheim : op. cit. p. 58.

9. Ibid, pp. 57, 60-62.

majority, whether it is claimed to be transitional or permanent. Democracy with its principles of freedom of opposition to the Government, free elections, freedom of the press, of expression, opinion and belief, the rule of law and the independence of the judiciary, of protection of the rights of minorities and of cultural freedom, is a guarantee of political equity which is regarded as a fundamental postulate of modern socialism. If economic inequity is a menace to political and social equity, political inequity is an even greater menace, from the point of view of contemporary socialism, to economic and social equity. Democracy may have its imperfections at present, but the cure for these imperfections is not dictatorship, however, temporary it may declare itself to be. Once the sovereignty of the people is surrendered to some authority, it depends largely on the benevolence or otherwise of this authority whether sovereignty would ever be returned to the people. Socialism rejects political trusteeship as much as it rejects economic trusteeship.

Thirdly, modern socialism has transcended the Marxist prophesy that the socialist movement would be successful only in those countries where capitalism had already matured. Historically, from this point of view, Marx has proved to be a false prophet ; for the only two Marxist—Leninist type of armed revolutions have taken place in Russia and China, countries which were predominantly agricultural and feudal when the revolution took place. On the other hand, in none of the mature capitalist countries has the working class shown any inclination to stage an armed revolution. Moreover, the dismal conclusion would follow from the Marxist prophesy that the Asian and African countries would have to undergo the long and painful process of capitalist development before they can expect to build socialism. Today socialists all over the world reject this idea in its entirety and believe, on the contrary, that the socialist movement which demands economic progress with equity at every stage of development, is a perennial movement, and can and must be launched in every society at every stage of development, whether agricultural or industrial, feudal or capitalist.

Finally, modern socialism as distinguished from Marxism is programmatic and experimental in outlook. Marx, as already explained, was primarily concerned with the prognosis of capitalism and

the revolutionary method of overthrowing it ; he paid very little attention to the concrete problem of the socialistic reorganisation of society. Contemporary socialism, on the other hand, is primarily concerned (largely owing to its belief in the possibility of peaceful transition to socialism) with the concrete and detailed problems relating to the socialistic reorganisation of the political, economic and social framework. In this respect modern socialism derives its inspiration and material largely from the pre-Marxian and non-Marxist socialism of the eighteenth and nineteenth centuries, just as it derives its inspiration and material regarding the prognosis of capitalism largely from Marx. This is possibly the most important distinction between Marxism and post-Marxian socialism.

2. POLITICAL PHILOSOPHY

Being positivist and experimental in outlook, contemporary socialism does not possess a unanimously accepted and rigid political philosophy comparable to that of Marxism or Communism. Nevertheless, some fundamental political principles and ideals are now generally accepted by socialist parties everywhere, which represent the theoretical outcome of a long period of development of the socialist movement. An attempt will be made here to sum up the most important of these fundamental political principles and ideals of modern socialism.

(I) Pluralist View of Sovereignty

Socialism rejects the monistic theory of sovereignty or the theory of unified state sovereignty which holds that sovereignty resides in the State alone, which is thus supreme, and that individuals and social groups of all kinds must, therefore, be totally subservient to the State. Centralised State power is anathema to the modern socialists and they take, on the contrary, a pluralistic view of sovereignty. Pluralism believes that the various organisations and groups within a State, political, economic and social, should be allowed to manage their own affairs and thus vested with a partial sovereignty ; it demands a division of power along the functional as well as territorial divisions of democracy. Logically, according to the pluralist theory of sovereignty, the individual is also sovereign within limits. As already explained, socialism regards individual freedom as an

inalienable principle and socialistic pluralism has, therefore, a strong tinge of individualism.

Early socialists like Charles Fourier, Louis Blanc and Proudhon had already advocated plural sovereignty. Later on the socialists in England and France sought to decentralize state functions and to entrust the management of economic enterprises to non-political public bodies representing the various interests involved. This view was strengthened by the growth of trade unionism. The French syndicalists became Proudhonist in outlook and challenged the theory of state sovereignty. In recent times the socialistic idea of plural sovereignty received a powerful impetus from Harold Laski who championed the corporate personality of social groups. Laski explained that the so-called sovereign acts of the State are in reality the acts of those who hold power, and cannot therefore, be regarded as sacrosanct. Sovereignty, according to Laski, must be shared by all the social groups within a state like the trade union or the church and the State has no claim to supremacy in this respect. Modern socialism thus combines a pragmatic philosophy and a positive sociology, a strong individualism and an unyielding functionalism, to discredit the idea of the absolute power of the State and to demand the autonomy of all functional and regional groups in society.

(II) Devolution of power from below

The divisibility of sovereignty, which is an essential postulate of the pluralist view of sovereignty, logically demands the diversification and diffusion of political power. But there is a fundamental distinction between the socialist idea of diffusion of power and the various other schemes of decentralization. Socialists believe that sovereignty should be delegated by the lower units of social organisation to the higher units, and not the other way about, as envisaged by the theory of decentralization. In other words, power must vertically devolve from the primary units of territorial and functional organisation progressively upwards, each stratum of organisation receiving only the residuary powers delegated to it by the lower units concerned, until the central authority of the State is left with the last group of residuary powers delegated to it by all the lower units.

(III) Political Institutions of Democracy

The salient features of the political aspect of democracy are now relatively well known. Nevertheless, for the sake of completeness and for emphasizing the special features of the socialist conception of democracy, the essential political characteristics of a democratic system, as the socialists understand it, are briefly summarized below :

- a. A democracy must permit the existence of any number of political parties with conflicting ideologies and with alternative political and economic programmes for the country. But it is a moot question whether parties which openly declare their faith in violence, dictatorship, communalism, casteism etc. should be allowed to function in a democracy.
- b. A democracy must have a system of elections based on universal adult franchise and the secret ballot contested freely by people belonging to different political parties and other organisations with alternative ideologies and programmes.
- c. Elections in a socialist democracy, as distinguished from the so-called democracy of the capitalist or quasi-capitalist countries, must be totally free from the influence of money. There must be a built-in mechanism within the election system which precludes the possibility of wealthy individuals or other organized vested interests from corrupting and influencing the elections. A poor but deserving individual must be able to contest the elections freely and fairly in a socialist or real democracy.
- d. Elections in a true democracy must also be free from the influence of the political and financial power of the government in all forms, and from gerrymandering by the bureaucracy or organised vested interests and pressure groups.
- e. As already explained, the socialist ideal of plural sovereignty necessitates the maximum possible devolution of power. People's participation in government is one of the cardinal principles of democracy, and socialists believe that such participation can be ensured only through the development of a chain of autonomous institutions of self-government at all levels of political organization based on the socialist

principle of devolution from below. A State which has all power concentrated in the central or provincial government cannot be said to have a democracy from the socialist point of view, although it may have a system of periodic free elections at the national or provincial level.

- f. In a true democracy the bureaucracy must be subject to direct popular control. The subordination of the bureaucracy to elected people's representative at all levels of self-government is essential for safeguarding the sovereignty of the people. A State in which all effective power is concentrated in the hands of the bureaucracy, has in fact a system of political trusteeship rather than democracy.
- g. A free press, that is, a press which is not controlled by the government, is one of the salient feature of a democracy. In a truly democratic society all shades of opinion must be allowed to be freely expressed through the national or international press, so as to give free play to alternative programmes, principles and ideologies.
- h. The rule of law, that is, the complete equality of all citizens before law, is a fundamental principle of democracy. But the rule of law can be safeguarded only by an independent judiciary. Therefore, an independent judiciary, that is, a judiciary which is undefiled by executive control or by politicians or other pressure groups, is one of the pillars of democracy.
- i. Equally important from the socialist point of view is the principle of cheap and expeditious justice. Justice in many countries is so expensive and long-drawn-out as to be above the reach of the majority of people. The rule of law in such cases loses all substance.
- j. In a democracy minorities, whether political, racial or religious, must not be persecuted. Democracy does not mean only the rule of the majority, for the majority can easily rule dictatorially. At the same time, no minorities must be allowed to establish their hegemony over the rest of society through violence. Peaceful change through mutual persuasion between the majority and the minority is the essence of democracy.

- k. A democracy must be characterized by an educational system and a cultural pattern which are free from any kind of authoritarian control from the government. Knowledge must be free to be true, and free knowledge can be obtained only by studying and assimilating the entire stock of human knowledge, in any branch of study, with all the contrary and contradictory theories and laws which may be in existence. In a democratic society, therefore, the opinions of a group of individuals about particular theories or events must in no way force the pattern of knowledge to be pursued by the people in general.
- l. Secularism is also an essential characteristic of a democracy. Unlike Marxism, modern socialism does not denounce religion and spirituality. But the socialists hold that religion and spirituality are very much personal and subjective interests of the individual and must be left, like human instincts and emotions, outside the scope of political organization. To what extent organized religious institutions with vested economic interests and corrupt practices can be left outside the sphere of political control is, however, not so certain.

The above categories relate only to the political aspect of socialist democracy. As every socialist knows, the political aspect of democracy is inextricably intertwined with its economic aspect. Without its economic counterpart, the political aspect of democracy loses all substance and meaning. Attention will now, therefore, be turned to the economics of socialism.

3. ECONOMICS OF SOCIALISM

Contemporary socialism being pragmatic, positivist and experimental in outlook, it does not have any rigid and deterministic economic doctrines. Nevertheless, in the course of the evolution of the socialist movement, certain common aims and objectives have developed which now constitute the core of socialist economics, and are briefly summarised below :—

(I) Socialization

Marx used the term socialization to indicate the growth of mass production and the total absorption of the entire labour force within

the capitalist system. He spoke of the entire production process being socialized in the last stage of capitalism, a phenomenon that would help the transition to socialism. Post-Marxian socialism, however, uses the term in a different and programmatic sense. Historically, the term socialization has been used by post-Marxian socialists in at least three different senses. In the first place, it has been used to mean nationalization, or the state ownership of agriculture, industry or trade. Secondly, British socialists after the First World War often used the term socialization to mean nationalization without compensation, while by nationalization they meant piecemeal establishment of state ownership on payment of compensation. Thirdly, the term has been used in recent times to mean public ownership and control, other than state ownership and control, of the means of production, the production process and distribution.

After World War I the problem of socialization was extensively discussed by the German socialists led by Karl Kautsky and Austrian socialists led by Otto Bauer. They were all opposed to direct governmental management of industries, and wanted to entrust the task of management to a council or commission consisting of the representatives of workers, consumers, producers and sometimes technical and managerial personnel. Similar schemes were developed in France, notably by the General Confederation of Labour, and in the United Kingdom by the Miners' Federation of Great Britain and the National Union of Railwaymen. It is now the generally accepted opinion of socialists everywhere that the management of industry and agriculture, once they are taken over from the capitalist owners, must not be entrusted to the government, but to a representative council with a large proportion of workers and members of the public on it. There does not as yet seem to be any unanimity of opinion among the socialists as to the extent to which the State should own or regulate the socialized economy and the extent to which private enterprise should be allowed to exist. But it is unanimously held that ownership should be cooperative as far as practicable. Logically, in an ideally socialist society there should be very little, if any, private ownership of the means of production. Even to begin with, therefore, the aim of a socialist movement should be to restrict private enterprise to the maximum possible extent, and to entrust the management of industry, agriculture and trade to the workers and peasants.

This is the sense in which the term socialization, often briefly referred to as auto-management, is used by socialists today. What is commonly known as nationalization is more aptly characterized as statization or governmentalization by the socialists. In the opinion of socialists, statization leads to bureaucratization, gives wide dictatorial powers to the government, curbs the sovereignty of the people and poses a serious threat to democracy.

(II) Decentralization

It is clear that socialization involves functional economic decentralization. But since socialism envisages not only a functional integration and development of the economy, but also territorial economic integration and development, it demands territorial economic decentralization as well. Territorial decentralization should take place both in the sphere of development and of management. It is sometimes pointed out that with the progressive development of high technology and automation neither functional nor territorial economic decentralization will have much substance from the point of view of the sovereignty of the people and local economic development. Socialists believe that this argument is fallacious for at least two reasons. First, socialization is a total process that would permeate the entire economic system without leaving any scope for trusteeship at the top, and, therefore, no amount of technological change can undermine the sovereignty of the people or dwarf initiative even in the lowest unit of auto-management. Secondly, socialism believes that even at the highest level of technology there would be great scope for local initiative and development.

Functional and territorial economic decentralization is thus an essential characteristic of a socialist economy. Moreover, socialists regard it as extremely important that the scheme of economic decentralization, functional as well as territorial, should be coordinated and integrated with the scheme of the devolution of political power.

(III) Equality

Historically, the demand for economic equality has had both a rational and a romantic foundation. The rational approach follows from the scientific fact that from a fundamentally biological point of view all human beings are equal and that the development of the individual depends largely on environmental factors. Since the

economic foundations of society in general, and the relations of production in particular, are highly important environmental factors, it is demanded that the economic system be so remoulded as to ensure a more or less common material environment for all human beings and thus safeguard their natural equality. The romantic quest for equality is moral and even spiritual in character, the term spiritual being taken in a broad humanistic sense. It follows from the assumption that humanity is not merely a biological phenomenon, but possesses a natural moral and spiritual fraternity which, however, cannot express itself except in an environment in which the material needs of life are more or less equally shared. Modern socialism combines the rational and romantic approaches to equality and demands the equitable distribution of material wealth on both scientific and moral grounds. Equality of personal valuation is the basis of the socialist demand for economic equality, as it is also the basis of the demand for political, legal and social equality.

In the history of socialism the movement for economic equality has never been based on a demand for absolute equalization of all incomes. The general principle accepted by socialists everywhere today is : from each according to his ability, to each according to his needs. Whether this principle can be satisfactorily implemented or not depends largely on the broad pattern of the politico economic system. In a politico-economic system characterized by trusteeship of one form or another, where the majority of people have no say in the determination of the economic valuation of their ability and their needs, the implementation of this principle of equality is bound to be largely characterized by arbitrariness, and almost any degree of inequality can be claimed by the trustees to be consistent with socialism. Thus although in the opinion of such eminent authorities on the wage-structure of the Soviet Union as Abram Bergson the wage-differentials in the Soviet Union are as large as in any Western country, the self-appointed trustees of the Soviet people have always maintained that they have established economic equality. But they have been forced to admit that the Soviet type of equality is based on a new principle : from each according to his ability, to each according to his work. This principle is so vague and arbitrary that any degree of inequality can be justified under it. On the other hand, in a politico-economic system based on sound democratic principles as

explained earlier, the masses of people will have a role to play in the determination of wage rates etc. at every level of functional and territorial organization, and thus a fair implementation of the basic principle of equality : from each according to his ability, to each according to his needs, would be possible.

Therefore, contemporary socialism regards a politico-economic system based on the plural view of sovereignty, devolution of political and economic power, political democracy and socialization as the primary precondition for the establishment of equality, political, economic or social. In other words, according to modern socialists, the establishment of genuine equality of any type is possible only in an integral socialism. From the purely economic point of view, of course, the greatest single pre-condition for equality is socialization.

Once the basic conditions are fulfilled however, it is necessary to ensure that the national income is equitably distributed amongst the different sections of population in a socialist society. What constitutes an equitable distribution of the national income is, however, not so easy to establish. Israel has been experimenting with a ratio between the highest and the lowest incomes which is as low as 1 : 3. But in many respects Israel is in a rather unique position (for instance, Israel is a very small state which receives heavy foreign subsidies and whose population, generally speaking, possesses a relatively high degree of skill) and even here there has of late been a tendency towards a widening of income disparities. It is generally agreed that such a narrow range of income distribution would not be practicable in most cases. Some socialist forces in India have been demanding a ratio of 1 : 10 between the highest and the lowest incomes. Even this ratio, though it appeals to common sense, is, however, arbitrary. As a matter of fact, socialists are not agreed on the necessity of fixing a rigid ratio between the highest and the lowest incomes. What they consider to be of paramount importance is that a minimum standard of living must be ensured to every individual, that the discrepancies between the different income groups must be reduced as far as possible without hampering the efficiency of the economic system, and that with the growth of national income, a progressively larger share of it must go to the lower income-brackets.

It is often argued that such relative equalization of incomes would lead to a great loss of incentive and hence of productivity. This is

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a grossly fallacious argument, for the incentive and productivity of an individual do not depend on the absolute volume of his income but on his relative position in the scale of income distribution, and what is equally important, by the degree of his general interest in his undertaking. From both these points of view, the socialization of the economy and the general reduction in income disparities are sure to raise the incentive and productivity of the masses of workers to such an extent as to far outweigh any loss of productivity resulting from the scaling down of the highest incomes. This is a point so fundamental to socialism that no socialist movement which doubts the truth in it can hope to stand.

It is often said that this socialist contention has not been conclusively proved anywhere so far. The socialists would reply that it has not been disproved either. They would freely admit, as explained in the concluding paragraphs of this paper, that socialism has not yet been fully established anywhere in the world, and that it is based on a new concept of human civilization and culture. Until it is conclusively disproved that socialization and equality would lead to a sharp rise in labour productivity, this assumption would remain an article of faith with socialists.

The general socialist policy of reduction of income disparities has to be coordinated with a redistributive fiscal policy characterized, among other things, by a progressive tax on inheritance of wealth, heavy taxation of luxury articles and exemption from taxation or low taxation of daily necessities. The opinion is also generally held by socialists that a socialist economy must be characterized mainly, if not exclusively, by direct taxation, so that the incidence of taxation may not be shifted by those for whom it is meant on to the shoulders of those who do not have the ability to pay. Some socialists also make the radical suggestion that there should be no taxation at all in a socialist system, and that the revenues of the State should come from the profits of socialized undertakings. This is a subject on which a great deal of further research and experimentation is called for.

Socialist economics also demands the absence of unemployment, equal opportunities of education and employment for all, and certain minimum guarantees in the form of a comprehensive social security system for every individual. These are inalienable objectives of any socialist movement, but their achievement basically depends on

rapid economic development which is one of the fundamental aims of socialism.

4. CONTOURS OF CULTURE

Since a socialist society would be totally free from any form of regimentation, it is impossible to lay down any formula for socialist culture. Culture is a comprehensive sociological term which includes the political and economic systems. The politico-economic structure of socialism and the associated social transformation would themselves be a broad index of socialist culture. Nevertheless, a few significant features of a socialist culture may be briefly referred to.

In the first place, a socialist society will have a radically altered view of human life with freedom and equality as its keynote. This would put the perverse contemporary human culture, which measures, generally speaking, the greatness of an individual by the length of his purse or his political power, upside down, and make the concept of class obsolete. Secondly, it is an axiomatic principle of socialism that a socialist society would be free from, and immune to, social diseases like racialism, casteism or communalism. Thirdly, socialist culture would be characterized by universal education, and in conformity with the programme of rapid economic development and socialization, a shifting of emphasis from aimless general education to purposeful scientific and technical education. A socialist culture is almost sure to be characterized by a high level of technology and a reduction in the hours of manual work for all concerned eventually. Fourthly, there is bound to be an unprecedented efflorescence of art, literature, music and all other aesthetic aspects of culture in the unprecedented freedom of a socialist society. And finally, socialism being essentially humanistic in purpose, socialist culture is destined to be international in outlook, without losing its regional moorings.

III

SOCIALISM IN A BACKWARD ECONOMY

Of late the idea has gained ground, partly as a result of the writings and political activities of some so-called socialists in India, and partly on account of the Marxian misconception that socialism can only come close on the heels of a mature capitalism, that the socialist

ideology is subject to some inherent limitations in a backward economy which has its inner "compulsions".

Those who hold this view opine that the socialist movement in a backward economy should extend its broad cooperation to the ruling party, which may not be socialist and may even represent the capitalist and feudal classes, with a view to ensuring the rapid growth of the economy which is the first necessity. This plea for a temporary suspension of the socialist movement in a backward economy seems to rest on three main arguments.

In the first place, it is presupposed that socialism can be introduced only after the economy has risen to a certain level of growth and, therefore, the movement for the establishment of a pluralistic society, the devolution of political and economic power, for a true political democracy, for socialization of the economy and for economic equality must be suspended until that level of growth has been achieved. A little reflection would reveal that this argument is really based on the Marxian misconception that a period of capitalist growth must precede the onset of socialism. Modern socialism, as explained earlier, has rejected this Marxian view, and is regarded by socialists everywhere as a universal and perennial movement applicable to all stages of economic development. Mere economic growth has never been an objective of the socialist movement in the modern period anywhere. Economic growth has taken place in capitalist USA, Fascist Germany or Communist Russia. The distinctive characteristic of the socialist movement is that it demands economic growth with the maximum possible equity at every stage of development. When a country is poor, socialism demands an equitable distribution of the poverty. No socialist who challenges this basic fact is worth his salt.

A second argument behind this view is that there is a fundamental economic contradiction between equality and development. According to Keynesian economic theory, the marginal propensity to consume of the lower income brackets is rather high in all economies, and in a backward economy, the existing level of consumption being unusually low, it would be equal to unity or very near unity. That is to say, in a backward economy the majority of people, who belong to the lower income brackets, would spend the whole or nearly the whole of any increase in income on consumption.

Therefore, runs the argument, if there as a redistribution of income, there would be a smaller volume of total savings in the economy that before available for investment. The rate of development would thus be retarded. This argument is fallacious on at least two grounds.

First, as Duesenberry has shown, the rate of growth of consumption of a particular income bracket does not depend primarily on the rate of growth of its income, but on the relative position of this income bracket in the scale of income distribution. If there are grave inequalities of income, the conspicuous consumption of the high income brackets will have a demonstration effect (also called Veblen effect after the name of a famous sociologist and economist) which will induce a sharp rise in the consumption of the lower income brackets. There would thus be a greater danger to savings and capital formation in a society characterized by inequality than in an egalitarian society. For, in an egalitarian society the Veblen effect would disappear and there would, therefore, be no urge on the part of the lower income brackets to increase their consumption by a high percentage.

It is argued in reply to this contention that the Veblen effect may be an important determinant of consumption in an affluent society where the basic consumption needs have been satisfied, but that in a backward economy, owing to the abysmally low level of consumption of the majority of people, there would in any case in a very sharp rise in consumption following a redistribution of income. But it has nowhere been proved so far that poor people consume the whole of their additional incomes even if attractive opportunities for small investments are present. If the worker is given the opportunity to buy shares of socialized undertakings, for instance, or to invest in profitable small scale industries, there is no reason to suppose that he would not invest in this manner a substantial part of his additional income. Recent research indicates that even when income remains static, a poor rural family in India may curtail consumption if it gets some good investment opportunity.¹⁰ If income increases and there are opportunities for investment, the chances of such investments

10. See Dr. A. Ghosh : "Consumption function in the light of recent controversy", *Indian Economic Journal*, July, 1962 ; paper on "Experiments on certain aspects of economic behaviour" read at the Indian Statistical Institute on September 11, 1951.

being made will naturally be greater. The belief that the worker would spend the whole or nearly the whole of his additional income on consumption even if he is given certain reasonable incentives to invest, owes its origin to a fundamental lack of faith in his rationality. It presupposes that he is not interested in improving his economic position and that of his family, which is a highly unreal assumption.

Secondly, whatever rise may take place in the consumption of the lower income brackets, this need in no way retard the rate of economic growth, for the rise in productivity which would inevitably follow a redistribution of income would more than offset any shortfall in capital formation. It is an optical illusion, become habituated through long periods of tutoring in preverse capitalist economic thought, which induces us to believe that a country can have economic development, or any kind of development for that matter, by starving its people. This anti-socialist view-point smacks of a belief in a system of politico-economic trusteeship and a disbelief in the human nature and rationality of the masses. As Reddaway and other eminent economists have pointed out, the best way of developing an economically backward country with a large population like India is to concentrate on the fullest utilization of its man-power. And the most effective way of utilizing the man-power is to give it better nutrition.

The third argument of these believers in the "compulsions of a backward economy" seems to be that if there is devolution of political and economic power and socialization of the economy, this would lead to the management of the economy being vested in the hands of educationally and technically unqualified or under-qualified workers, and hence, to mismanagement, general confusion and loss of production. Needless to say, those who believe that the workers would be too ignorant and incompetent to undertake the management of industry and agriculture until and unless they were given some form of higher education, need not degrade socialism by calling themselves socialists. It must be a curious dichotomy within the human mind which enables people to believe that the masses are able to choose their representatives for ruling the country, but would be unable to do so for managing a factory or a farm.

It may be emphasized again that the socialist movement is a universal and perennial movement. The task of building socialism

n a backward economy is all the more romantic because such economies are transitional in nature, generally speaking, where neither capitalism nor communism has entrenched itself and where there are infinite possibilities of reconstruction, and because the human material which is at work in such an economy is infinitely more exciting than that of any developed economy.

IV

SOME CONCLUDING OBSERVATIONS

Socialism is the only integral ideology the world has produced so far. Individualism, in assuming that the institution of free enterprise would lead to economic equity, had underemphasized the importance of the economic system and undermined not only economic equity, but through economic inequity political and social equity as well. Communism, on the other hand, has openly denounced political equity, and through political inequity, undermined economic and social equity also. Socialism is the only philosophy which regards freedom and equity as identical in every sphere, political, economic and social. Democracy and socialism are thus really two names for the same system. Political and economic equity must coexist in order to make possible the integral system which may be called either democracy or socialism. Without either political or economic equity there can be neither socialism nor democracy.

It follows that socialism dreams of an altogether new type of civilization and culture. In spite of the near socialistic experiments in many countries of Europe, the fact remains that with the possible exception of Israel, socialism has not yet been established anywhere in the world. The socialists of the world today are the pioneers of a new era in human history. Let every socialist be convinced of this fact before he starts his work.

At the same time, there cannot be a shadow of doubt about the fact that the future belongs to the socialists. Capitalism is a dying force, and with the possible exception of the United States of America, practically all the other hitherto capitalist countries have declared themselves to be believers in evolutionary socialism, whether they are sincere in their profession or not. Communism has ceased

to be an intellectual force and has also been largely contained territorially. Nevertheless, it is still the ideology that socialism is up against. The ideological battle of the foreseeable future will be fought between socialism and communism. Rationalism and romanticism will have to wage a determined battle against dogmatism and fanaticism. Let every socialist prepare himself for this battle.

There is another grave danger from the right. Having read the writings on the wall, the rightist forces in many countries, especially in the economically backward countries, though in reality working for a capitalist system, have begun to raise false socialistic slogans in a desperate effort to perpetuate their slipping hold over the people. The full magnitude of this actual and potential menace has not yet perhaps been fully realized. In the near future socialists, especially in the backward economies, will have to fight the sly enemy on the right perhaps more vigorously than the enemy on the left.





